


<p>कापेरिशन बैंक (सार्वजनिक क्षेत्र का अग्रणी बैंक) प्रधान कार्यालय, डा पे सं. 88 मंगलूर - 575 001</p>	 e-CIRCULAR	<p>Corporation Bank (A Premier Public Sector Bank) Head Office, PB No.88, Mangalore – 575 001</p>
<p style="text-align: center;">Credit Division [Credit Policy & Planning Section] Email : CPMS@corpbank.co.in</p>		
<p>HO Circular No. 479/2013</p>	<p>Index No. 11.00/66/2013</p>	<p>14-August-2013</p>

TO ALL THE BRANCHES / OFFICES

Subject : NEED FOR STRICT ADHERENCE TO PRE SANCTION AND POST SANCTION SUPERVISION

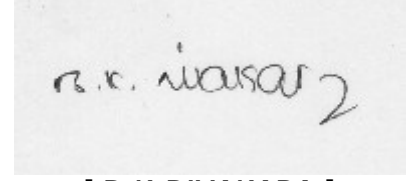
HIGHLIGHTS

Branches are advised to conduct proper due diligence and to be cautious while approaching for enhancement / additional credit limits in a short span

1. Fraud Monitoring Cell-HO has informed that it has come across a case of fraud at one of our branches involving huge credit limits. The modus of operandi is as under:
2. During the month of January 2012, a Partnership firm engaged in manufacture of designer modular Kitchen approached for working capital credit limit against the security of Stock in trade, receivables, Machinery and collateral security of EMG of Residential Building owned by one of the partner. The credit limits were sanctioned and released. In the month of March 2012, a Corp Vehi loan was also sanctioned and released to the firm. Again in June 2012, one of the partner of the firm as a proprietor of a proprietorship concern trading in lubricant was also sanctioned with huge credit limits under Corp Vyapar Scheme. Apart from Security of stock in trade, Collateral security of Residential Building in the name of guarantor was offered as security for Corp Vyapar Loan.
3. In the month of Dec 2012, on the effort by the branch to recover the overdrawn portion of the loan, it came to light that the Real owners of the property / guarantors are impersonated and the title deeds deposited against both the loan accounts are fake.
4. When the branch Advocate made a comparison of the certified copy of the sale deed obtained from the sub Registrar office, several inconsistencies and differences in signature of sub Registrar, stamp vendor and witness in both the title deeds were observed. Even the stamp pasted on the purported original sale deed deposited at the branch appears to be not genuine. Further, property deposited by the partner of the firm has been sold.
5. Bank has recently come across with such high value frauds wherein the original title deeds were verified by the Branch Panel Advocate before disbursement and a certificate as to its genuineness has also been obtained in compliance with the directions contained in HO Circular No 317/2010 dated 20.04.2010, but subsequently it was observed that the title deeds held by the branch were fake. Had the verification/comparison of the original title deeds with the certified copy obtained from the Sub Registrar's office been done before disbursement, the frauds could have been

averted and consequent loss to the Bank could have been avoided. Branches should ensure the proper verification by the advocate at sub Registrar office as to the genuineness of the document.

6. In this connection, branches are advised to conduct proper KYC/Due Diligence and be cautious while entertaining proposals for enhancement/additional credit limits in a short span. Branches are also advised to ascertain the market reputation of the applicant before sanction of credit facilities. Further, Branches shall strictly adhere to the guidelines on pre sanction visits & Post sanction supervision.



[B.K.DIVAKARA]
GENERAL MANAGER

Note: Hindi version of the Circular follows.